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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

OPLUS TECHNOLOGIES, LTD.,

Plaintiff,

v.

SEARS HOLDINGS CORPORATION;
VIZIO, INC.,

Defendants.

CASE NO.: CV12-5707 MRP (Ex)

Hon. Judge Mariana R. Pfaelzer

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
VIZIO, INC.'S MOTION FOR
PROTECTION FROM SUBPOENA
ISSUED IN VIOLATION OF
MULTIPLE COURT ORDERS AND
PROHIBITING USE OF
SUBPOENAED DOCUMENTS**

DATE: June 17, 2013

TIME: 11:00 a.m.

PLACE: Courtroom 12

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MEMORANDUM OF POINTS AND AUTHORITIES

Pursuant to paragraph 32 of the Stipulated Protective Order in the case entitled *IP Innovation LLC, et al. v. VIZIO, Inc., et al.*, Case No. 1:08-cv-00393 (N.D. Ill.) (the “TLC Protective Order” and “TLC case”), defendant VIZIO, Inc. (“VIZIO”) respectfully moves this Court for “judicial protection from the enforcement of the subpoena” served on May 3, 2013 (the “Subpoena”) by counsel for plaintiff Oplus Technologies, Ltd. (“Oplus”) on its former client in that case, Technology Licensing Corp. (“TLC”), in violation of this Court’s April 3, 2013 Order and the TLC Protective Order, and for “entry of an appropriate protective order” prohibiting the use of the subpoenaed documents. In the Subpoena, Oplus seeks confidential VIZIO information protected from use in this case by the TLC Protective Order, from Oplus counsel’s own files:

1. All Pleadings files, deposition files and accompanying exhibits retained by Outside Counsel pursuant to the Protective Order from the case styled *Technology Licensing Corporation et al., v. Vizio, Inc., et al.* (Civ. Action No. 1:08-cv-00393), which identify or relate to the use of HQV, MDDi or DCDi technologies by Vizio.

Declaration of Charles C. Koole (“Koole Decl.”), ¶2, Exh. A.

Not only have Oplus and its counsel abused the subpoena power in serving the Subpoena for counsel’s own files, they have knowingly violated court orders in this and the prior action, and seek confidential VIZIO information that has not been and cannot be shown to have any relevance to this case.

I. Introduction

In its April 3, 2013 Order, this Court denied Oplus’ motion to compel VIZIO documents related to “Faroudja DCDi,” “Silicon HQV,” and “MediaTek MDDi” technologies because Oplus failed to provide adequate infringement contentions that even facially linked these technologies to the asserted claims of the patents-in-suit, let alone described how any VIZIO products used such technologies to infringe the Oplus patents. April 3, 2013 Order, Dkt. No. 121 (attached as Exhibit H to the Koole

1 Decl.). In its Order, the Court also set forth a “blueprint” by which Oplus could
2 amend its infringement contentions to try to correct the deficiencies. *Id.* at 2. But
3 even after the Court granted Oplus’ request to conduct an additional month of
4 discovery, Oplus declined to amend its infringement contentions.

5 Instead, Oplus counsel called the Court’s Order a “rogue order” and chose to
6 make an end-run around it by improperly subpoenaing the same confidential VIZIO
7 information from *its own files* that this Court had refused to compel and despite the
8 fact that this information had been produced by VIZIO subject to a protective order in
9 a prior unrelated action in which Oplus counsel represented a different plaintiff suing
10 on different patents. By improperly using its knowledge of VIZIO’s confidential and
11 protected information in the TLC case as a basis for its Subpoena in this case, Oplus
12 counsel knowingly violated the terms of the TLC Protective Order, which provided
13 that VIZIO’s confidential information was not to be used, directly or indirectly, other
14 than in that case.

15 Further, the information that Oplus counsel seeks from the TLC case is
16 demonstrably irrelevant to Oplus’ claims in this case. The confidential VIZIO
17 documents are primarily sales documents for VIZIO televisions discontinued well
18 before the Complaint in this action was filed. VIZIO’s confidential sales documents
19 are not relevant for purposes of direct infringement because all of the asserted patent
20 claims are method claims, and under well-established Federal Circuit precedent,
21 VIZIO’s sale of products cannot infringe a method claim. Thus, confidential
22 documents reflecting sales of prior VIZIO televisions are not relevant to Oplus’
23 claims of direct infringement.

24 Likewise, the documents sought to be subpoenaed are not relevant for purposes
25 of Oplus’ indirect infringement claims, because Oplus cannot show that any VIZIO
26 products that were the subject of the TLC case were sold *after* VIZIO first received
27 notice of the patents-in-suit in December 2011, when Oplus filed this lawsuit. Under
28

1 well-established Federal Circuit precedent, a party cannot be liable for indirectly
2 infringing a patent before having actual knowledge of the patent.

3 Finally, to the extent the confidential VIZIO documents generally identify the
4 technologies used in these discontinued VIZIO televisions (which is largely the extent
5 of the technical information VIZIO has about them), the Court's April 3rd Order
6 explains that Oplus' infringement contentions do not provide adequate support for
7 Oplus' assertion that the mere use of HQV, MDDi or DCDi technologies is sufficient
8 to infringe the asserted patent claims. *See* April 3, 2013 Order, Dkt. No. 121.

9 VIZIO counsel brought all of these issues to the attention of Oplus counsel
10 through written objections to the Subpoena, followed by an in-person conference.
11 Oplus counsel promised to report back whether they would withdraw the Subpoena or
12 oppose this Motion, but characteristically, did not, despite their awareness of the 14-
13 day deadline in which VIZIO was required to file this Motion pursuant to the TLC
14 Protective Order. Declaration of Adrian M. Pruetz ("Pruetz Decl."), ¶2. Unless the
15 Court grants VIZIO protection from enforcement of the Subpoena and enters a
16 protective order prohibiting Oplus' use of any documents obtained pursuant to this
17 Subpoena, Oplus counsel will be in violation of two court orders, and will be in a
18 position to mislead the Court and jury with old, irrelevant sales information about
19 VIZIO televisions that were not even on sale when Oplus filed this case and which
20 Oplus has no basis to claim infringe its patents. Accordingly, the Court should grant
21 VIZIO protection from the enforcement of the Subpoena and enter a protective order
22 prohibiting Oplus from making any use of VIZIO confidential information produced
23 in the unrelated TLC action.

24 **II. Case Background**

25 On April 3, 2013, this Court denied Oplus' motion to compel documents
26 concerning a broad swath of VIZIO products because of Oplus' deficient
27 infringement contentions. *See* April 3, 2013 Order, Dkt. No. 121. The document
28 requests at issue were directed to any VIZIO products using "Silicon Optix HQV

1 technology,” “Faroudja DCDi technology,” and “MediaTek MDDi Motion Adaptive
2 Deinterlacing technology.” *Id.*; Joint Stipulation Re: Oplus’ Motion to Compel the
3 Production of Documents, dated March 20 2013 at 9 n.2 (Dkt. No. 114). As the Court
4 explained, the purpose of infringement contentions is to provide structure to the entire
5 discovery process by requiring the patentee to crystallize its infringement theory, and
6 avoid discovery excesses by tailoring discovery to the appropriate scope of the case.
7 April 3, 2013 Order at 1-2. The Court also gave Oplus an additional month of
8 discovery during which Oplus could correct its contentions and focus its requests for
9 the discovery it claimed to need. *Id.* at 3.

10 Oplus declined the opportunity provided by the Court to properly obtain
11 discovery. Instead, Oplus counsel announced its intent to ignore the Court’s April 3,
12 2013 Order by calling it a “rogue order” and subsequently issuing the Subpoena on
13 May 3, 2013 for its own files, seeking the same documents Oplus sought and was
14 denied by this Court in its motion to compel against VIZIO. Koole Decl., ¶3; Koole
15 Decl., ¶2, Exh. A. Under the terms of the TLC Protective Order, VIZIO is required to
16 seek “judicial protection from the enforcement of the subpoena” and/or “entry of an
17 appropriate protective order” from this Court within fourteen calendar days of notice
18 of the Subpoena from TLC counsel.¹ Koole Decl., ¶4, Exh. B, TLC Protective Order
19 at ¶32.

20 Accordingly, VIZIO informed Oplus on May 10, 2013 that it would bring its
21 derogation of the April 3, 2013 Order to the Court’s attention by filing this motion.
22 Pruetz Decl., ¶2. As a result, six weeks after the Court’s April 3, 2013 Order and on
23

24 ¹ The terms of the TLC Protective Order state that the subpoenaed party must “give[]
25 prompt notice to counsel for the designating party and permit[] counsel for that party
26 at least fourteen (14) calendar days from receipt of the written notice to intervene and
27 seek judicial protection from the enforcement of the subpoena and/or entry of an
28 appropriate protective order in the action in which the subpoena was issued.” Koole
Decl., ¶4, Exh. B, TLC Protective Order at ¶32. While TLC counsel has not formally
provided notice to VIZIO counsel under this section, as a caution, VIZIO counsel is
filing this Motion within fourteen days of receiving a copy of the Subpoena.

1 the late afternoon of the last day of discovery, Oplus made a desperate attempt to
 2 demonstrate facial compliance with the Court's Order by serving VIZIO with a 14
 3 page letter that cosmetically purports, but utterly fails, to address the numerous
 4 deficiencies in Oplus' infringement contentions.² Koole Decl., ¶5, Exh. C.

5 **III. Oplus Violated the TLC Protective Order to Circumvent This Court's**
 6 **April 3, 2013 Order**

7 As indicated above, Oplus broadly accuses all VIZIO products using three
 8 technologies of infringing the patents-in-suit: "Silicon Optix HQV technology,"
 9 "Faroudja DCDi technology," and "MediaTek MDDi Motion Adaptive Deinterlacing
 10 technology." Koole Decl., ¶6, Exh. D, Oplus' Infringement Contentions at 2:10-23.
 11 However, Oplus' infringement contentions fail to even facially demonstrate a nexus
 12 between these technologies and the claims of the patents-in-suit, much less explain
 13 how VIZIO's use of these technologies infringes them.

14 Oplus counsel previously represented the plaintiffs, including TLC, in an
 15 earlier patent infringement lawsuit against VIZIO regarding televisions using the
 16 same three technologies, but different patents—the TLC case. Oplus counsel are,
 17 therefore, in possession of confidential VIZIO information produced in that action
 18
 19

20 ² In its letter, Oplus disputes the manner in which VIZIO and the Court reasonably
 21 interpreted Oplus' Infringement Contentions. In particular, Oplus denies that it
 22 contends the '842 Patent claims cover "motion adaptive deinterlacing" *generally* or
 23 that the '840 Patent claims cover "motion adaptive noise reduction" *generally*. Koole
 24 Decl., ¶5, Exh. C at 4-6. However, what Oplus did ***not*** do is 1) explain how the
 25 accused technologies *necessarily* perform *logical operations on linear combinations*
 26 *of the values* listed in the asserted '842 Patent claims (much less explain what those
 27 logical operations and linear combinations are), or 2) explain how the accused
 28 technologies necessarily perform the claimed entropy calculations in the '840 Patent
 claims (much less explain what those calculations are). Instead, Oplus now contends,
 without providing any coherent explanation, that it is the specific implementations of
 motion adaptive deinterlacing and motion adaptive noise reduction in VIZIO's TVs
 which infringes the asserted claims. Thus, Oplus has done nothing to clarify its
 hopelessly ambiguous infringement contentions.

1 pursuant to terms of a protective order that prohibited use of those documents except
2 in that action, as follows:

3
4 No person or party *shall directly or indirectly utilize* or disclose any
5 CONFIDENTIAL, ATTORNEYS' EYES ONLY, or CONFIDENTIAL
6 SOURCE CODE - ATTORNEYS' EYES ONLY information obtained
7 pursuant to pretrial discovery in this action, except for the purposes of
8 preparation, trial, and appeal of *this action only* and in accordance with any
9 further order issued by the Court.

10 Koole Decl., ¶4, Exh. B, TLC Protective Order at ¶ 24 (emphasis added).

11 Through its prior representation of TLC against VIZIO, Oplus counsel was
12 necessarily aware that the protected information it possessed concerned the same
13 three technologies for which this Court refused to permit discovery in its April 3,
14 2013 Order. Armed with the knowledge of this protected information, Oplus counsel
15 issued the Subpoena for the following documents:

16 All Pleadings files, deposition files and accompanying exhibits retained by
17 Outside Counsel pursuant to the Protective Order from the case styled
18 Technology Licensing Corporation et al., v. Vizio, Inc., et al. (Civ. Action No.
19 1:08-cv-00393), which identify or relate to the use of *HQV, MDDi or DCDi*
20 *technologies by Vizio*.

21 Koole Decl., ¶2, Exh. A, TLC Subopena (emphasis added).

22 Thus, rather than fix its deficient infringement contentions and obtain
23 documents relevant to this case through proper discovery procedures, Oplus counsel
24 issued a Subpoena that was styled as issued to TLC but which actually sought the
25 confidential VIZIO information in Oplus counsel's *own files*. Thus, Oplus counsel
26 used the knowledge of VIZIO's confidential information obtained from their
27 representation of TLC in the prior action to subpoena documents they were only
28 permitted to retain as a record of that case. By doing so, Oplus counsel planned to
circumvent the Court's April 3, 2013 Order and "obtain" confidential VIZIO
documents quickly and without objection, as they plainly would not object to or
refuse to comply with their own Subpoena to themselves. Because Oplus counsel

1 necessarily used and relied on VIZIO's protected information from the TLC case in
2 deciding to issue the Subpoena, the *mere issuance* of the Subpoena is a violation of
3 the TLC Protective Order. Koole Decl., ¶4, Exh. B, TLC Protective Order at ¶ 24.

4 Moreover, if Oplus counsel "produces" any of the subpoenaed documents or
5 attempts to make use of them in this case, Oplus counsel would be in *further* violation
6 of the TLC Protective Order. Oplus counsel's use of the subpoena process does not
7 insulate its improper use of protected information from the TLC case as the TLC
8 Protective Order permits the production of protected information only in response to
9 "a *lawful subpoena* or other legal process. . ." Koole Decl., ¶4, Exh. B, TLC
10 Protective Order at ¶ 32 (emphasis added). In contrast, the Subpoena is unlawful.

11 Unless the Court intervenes to protect VIZIO from the Subpoena, Oplus
12 counsel will be in violation of two court orders, and will be in a position to mislead
13 the Court and jury with irrelevant information about technologies for which Oplus
14 cannot even make a facial showing of relevance to the patents-in-suit. Further, the
15 entire logic and purpose of Court's April 3, 2013 Order denying Oplus' motion to
16 compel will be frustrated — and Oplus will be unfairly rewarded — if it can obtain
17 VIZIO documents by subpoenaing a "third-party" for documents it has been
18 prohibited by this Court from obtaining directly from VIZIO.

19 **IV. The Subpoena to TLC Seeks Irrelevant Documents in Contravention of**
20 **the Court's Order Denying Oplus' Motion to Compel**

21 The documents Oplus seeks from the TLC case are entirely irrelevant to this
22 case. Oplus has failed to describe any specific acts taken by VIZIO that constitute
23 direct infringement, and it has not even attempted to show that the products involved
24 in the TLC case were ever sold after December 1, 2011, when VIZIO was first made
25 aware of the patents-in-suit. Thus, it cannot establish a direct or indirect infringement
26 claim based on the products that are the subject of the Subpoena.

27 First, Oplus has no viable claim against VIZIO for direct infringement because
28 Oplus has not alleged any act by VIZIO of direct infringement that would implicate

1 these documents. Oplus alleges that VIZIO has directly infringed the patents-in-suit
2 by “making, using, importing, selling or offering to sell . . . video products using
3 deinterlacing methods” and “video signal error correction methods” that fall within
4 the scope of the patents’ claims. Koole Decl., ¶7, Exh. E, First Amended Complaint
5 at ¶¶ 9 and 11. However, each of the patent claims asserted by Oplus is a method
6 claim. Koole Decl., ¶6, Exh. D, Oplus’ Infringement Contentions at 2:10-24. A
7 method claim cannot be directly infringed by making, importing, selling or offering to
8 sell a product that is merely *capable* of practicing a method. *Joy Techs., Inc. v. Flakt,*
9 *Inc.*, 6 F.3d 770, 774-75 (Fed. Cir. 1993) (“[A] method claim is not directly infringed
10 by the sale of an apparatus even though it is capable of performing only the patented
11 method. The sale of the apparatus is not a sale of the method. A method claim is
12 directly infringed only by one practicing the patented method.”); *see also Ricoh Co.,*
13 *Ltd. v. Quanta Computer Inc.*, 550 F. 3d 1325, 1335 (Fed. Cir. 2008) (“[A] party that
14 sells or offers to sell software containing instructions to perform a patented method
15 does not infringe the patent under § 271(a).”), *NTP, Inc. v. Research In Motion, Ltd.*,
16 418 F.3d 1282, 1320-21 (Fed. Cir. 2005) (“Thus, the legislative history of section
17 271(a) indicates Congress’s understanding that method claims could only be directly
18 infringed by use”). Thus, VIZIO’s sales records are irrelevant.

19 Moreover, Oplus’ infringement contentions do not identify any particular “use”
20 that VIZIO makes of its televisions which would constitute performance of the
21 asserted method claims. Koole Decl., ¶6, Exh. D, Oplus’ Infringement Contentions.
22 Instead, in its letter served on the afternoon of the last day of discovery, Oplus told
23 VIZIO that its direct infringement claims are based not on consumer use of VIZIO
24 televisions, but on VIZIO having “used its accused products” by turning on a handful
25 of sample accused televisions. Koole Decl., ¶5, Exh. C at 2. However, Oplus has not
26 even attempted to show that this *de minimis* use of the accused televisions performs
27 the methods of the asserted ‘840 and ‘842 Patent claims. Nor could it even allege that
28 they do.

Each of the asserted claims necessarily requires, at a bare minimum, the receipt of an *interlaced signal*, a fact that Oplus admitted in this same letter. Koole Decl., ¶8, Exh. F, ‘842 Patent at 7:64 and 13:47-48 (“receiving the interlaced video format”) and Koole Decl., ¶9, Exh. G, ‘840 Patent at 25:32-33 (“in a temporal interlaced sequence”); *see also* Koole Decl., ¶5, Exh. C at 7 (“Since progressive video inputs have no fields and interlaced video inputs do have fields, the video signal must be received (i.e. before it can be displayed) and characterized (e.g. so the TV knows if it needs to be deinterlaced).”). Oplus has not alleged in either its infringement contentions or in its May 15 Letter that VIZIO has ever used any accused television set to receive an interlaced signal. Koole Decl., ¶5, Exh. C; Koole Decl., ¶6, Exh. D. Nor has it shown why the *de minimis* use of sample televisions by VIZIO would entitle Oplus to the documents called for by the Subpoena, in particular, sales documents that are wholly irrelevant to infringement claims based on VIZIO’s use of its televisions. Thus, Oplus cannot claim that the documents improperly sought from its counsel’s files are relevant to any alleged direct infringement by VIZIO.

Second, Oplus cannot justify its Subpoena based on a theory of indirect infringement. Oplus has no viable claim for indirect infringement based on products sold prior to the filing of this action because Oplus has not and cannot establish, and indeed has not even alleged, any notice of the asserted patents to VIZIO prior to the filing of this action. Koole Decl., ¶6, Exh. D, Oplus’ Infringement Contentions and ¶11, Exh. I, VIZIO’s Supplemental Interrogatory Responses. Oplus has not even alleged that any of the products at issue in the TLC case were sold following the filing of this lawsuit, and it could not. *Id.* Both contributory infringement and inducement of infringement require, at a minimum, actual knowledge of the patents that are allegedly infringed. *Synqor, Inc. v. Artesyn Techs., Inc.*, 709 F.3d 1365, 1379 (Fed. Cir. 2013) (citing *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068, 179 L. Ed. 2d 1167 (2011)) (“Liability for induced or contributory infringement under § 271(b) or (c) requires ‘knowledge that the induced acts constitute patent

1 infringement.’ *This includes, in part, actual ‘knowledge of the existence of the*
2 *patent that is infringed.’*”) (emphasis added). Because VIZIO never had any notice
3 of the asserted patents prior to the filing of the Complaint, Oplus cannot show that the
4 documents sought in the Subpoena could possibly be relevant to a claim of indirect
5 infringement in the current litigation.

6 **V. Conclusion**

7 For all the foregoing reasons, VIZIO respectfully requests that this Court grant
8 VIZIO protection from the enforcement of the Subpoena, and enter a protective order
9 prohibiting the use by Oplus of any documents removed from its files pursuant to the
10 Subpoena.

11
12 Dated: May 17, 2013

Respectfully submitted,

13 By: /s/ Adrian M. Pruetz

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